

NEW YORK POST

31 March 1986

ARTICLE APPEARED
ON PAGE 2

U.S. READIES 'PHASE 2' DRIVE TO UNDERCUT KHADAFY

By NILES LATHEM
Washington Bureau Chief

SANTA BARBARA — The Reagan administration is planning to escalate covert action this week against Moammar Khadafy in response to his threat of terror against Americans abroad.

Senior administration officials told The Post yesterday of the "second phase" of Operation Prairie Fire — the calculated challenge to Libya that sent U.S. warships into the Gulf of Sidra on March 23.

They refused to divulge details of the covert activities of "Phase 2."

It is known that the U.S. is training and supporting Libyan dissident groups out of Egypt to destabilize Khadafy.

National security adviser John Poindexter and other senior U.S. officials have made secret trips to Egypt in the past few months to set the stage for the covert operation.



News of further action against Khadafy came as U.S. intelligence received reports that Khadafy has given orders to terrorist lieutenants in the Mideast and Europe to prepare to attack American and Israeli targets in retaliation for the U.S. naval action in the gulf last week.

Sources said Khadafy has formed an alliance with several non-Libyan terrorist groups, including the remnant of the Red Brigades of Italy and West Germany's Baader-Meinhoff, for possible terrorist ac-

tivities — so that Libyan involvement in future terrorism will be harder to prove.

U.S. intelligence has also received reports that Palestinian commandos are undergoing training at a camp near the Libyan coastal city of Benghazi for attacks on U.S. and Israeli targets.

The information came from intercepted Libyan radio messages

over the weekend.

The U.S. has taken extraordinary security measures for its diplomatic and military personnel in the Mideast and Europe in response to increased terrorism threats.

White House chief of staff Donald Regan, in an interview, made clear that the U.S. would respond harshly to any new act of terrorism against Americans.

"We'll hold [Khadafy] responsible," Regan said.

"In dealing with terrorists, it's well not to overestimate their power. But you can't brush it aside. You have to be cautious."